



## State of Utah

### Department of Natural Resources

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### Division of Oil, Gas & Mining

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*Acting Division Director*

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*Lieutenant Governor*

March 7, 2005

TO: Mary Ann Wright, Acting Director *mw*

THRU: Mark Mesch, Acting Associate Director *mem*

THRU: Daron R. Haddock, Permit Supervisor *DRH*

FROM: Paul B. Baker, Senior Reclamation Biologist *PBB*

SUBJECT: Request for Approval of Form and Amount of Reclamation Surety, SUMMO USA, Lisbon Valley Mine, M/037/088, San Juan County, Utah

On December 29, 2004, the Division received a proposal from SUMMO USA to drill 13 exploration holes on an area that contains private surface and Bureau of Land Management minerals. The total area of disturbance would be about 0.24 acres, but because of the plugging costs, the bond estimate is \$26,600 after adding a 10 percent contingency and escalation for five years.

SUMMO has not submitted new bond money for this proposal; rather, they are relying on money already in certificates of deposit submitted for previous exploration projects that have either been reclaimed or that have not been developed. SUMMO has submitted three certificates of deposit totaling \$162,300 for their exploration and some of their well drilling projects. Eleven wells are covered under the \$3.5 million surety for the mine itself. The bonding situation for SUMMO's exploration projects is complex, but I estimate that, including the current proposal, they still have \$30,055 that is not committed for reclamation of any sites. The status of various projects and how bonding money is allocated are summarized in the attached table.

I understand the BLM is nearing approval, but I have not seen an approval letter. Therefore, any authorization from the Division should be conditional upon approval from the BLM.

SUMMO has provided a revised reclamation contract to include the new area. If you are in agreement with approval of this project under the existing bonds, please sign and date the documents. We will then issue Division approval for this exploration proposal. Thank you for your consideration of this request.

PBB:jb

Enclosure: MR-RC; Bonding table

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Bonding Summary for SUMMO USA  
As of March 7, 2005

Column 1	2	3	4	5
Project Description	Bond submitted for this project	Comments	Estimated Liability for existing disturbances	Money not needed for existing and potentially imminent disturbances (Column 2 less Column 4)
Water Wells proposed July 14, 2000, and approved September 1, 2000	\$27,173	3 of 14 wells drilled (C-5 [PW3], S-5 [PW4], and a well to replace G-3 [PW5])	\$5710 (escalated to 2005 dollars)	\$21,463
Water Wells proposed January 4, 1999, and approved about March 8, 1999	\$69,900	Eleven groundwater monitoring wells covered under the \$3.5 million-dollar bond for the mine. Wells and piezometers drilled and not included in the main bond are SLV3, PW97-1, PW97-2, 97R7, 98R3, 98R4, 98R7, 94MW6, 98R8, and SLV4.	\$16,007 (escalated to 2004 dollars)	\$53,893
March 4, 2004 proposal for 29 holes in the Centennial Pit	\$28,777 (No money actually submitted; this amount was carried over from previous projects that have now been fully released.)	All holes drilled and plugged. No revegetation required.	\$0.00	\$28,777
September 26, 2003, proposal for 25 holes near the GTO Pit	\$10,450	All holes that are going to be drilled have been drilled and plugged except one that was completed as a well (G-3 replacement—see above)	\$8350 (This figure includes release of plugging requirements for all holes) (No escalation factor or contingency applied)	\$2100
July 1, 2004, proposal for 25 holes	\$0.00	No additional bond submitted.	\$43,698 (Contingency and supervision applied; escalated to 2009 dollars)	(\$43,698)
Crusher Lay-Down	\$26,000		\$26,000 (Contingency and supervision applied; escalated to 2009 dollars)	\$0.00
November 24, 2004, proposal to redrill 5 holes originally proposed September 26, 2003	\$0.00	No additional bond submitted.	\$5880 (No escalation factor or contingency applied)	(\$5880)
December 29, 2004, proposal to drill 13 holes on private surface/BLM mineral outside the permit area	\$0.00	No additional bond being proposed.	\$26600 with contingency and escalation to 2010	(\$26,600)
Column Totals	\$162,300		\$132,245	\$30,055